

1 **B-68 Purchase Spare Transformer, \$1,354,000**

2 Q. Provide a cost benefit analysis showing any options that have been
3 considered in determining that the purchase of a spare transformer is the
4 appropriate solution to the deterioration of the generating transformer at
5 Upper Salmon.

6
7
8 A. The only practical option to the deterioration of the Upper Salmon
9 transformer is to purchase the spare transformer as proposed.
10 Relocating a transformer from another location, adding a second unit at
11 Upper Salmon or taking no action at all, were not considered practical or cost
12 effective options, therefore there was no cost benefit analysis required.
13 Without a spare transformer, the failure of the Upper Salmon transformer
14 would result in a plant shutdown of twelve months or longer. This would
15 result in additional costs for energy generation in the order of \$37-45 million
16 and when compared to the cost of a spare unit, the advantage is obvious.